

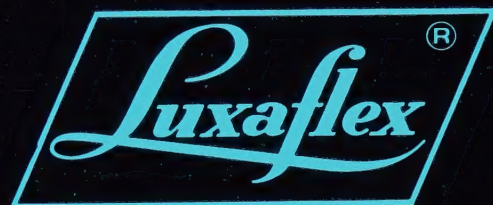
AR28

# 1973 annual report

 **Hunter Douglas Group**



## Consumer and Leisure products



**Flexalum<sup>®</sup>**

**Nedal<sup>®</sup>**

## Building and Architectural products

**LUXALON<sup>®</sup>**

**Luxaply<sup>®</sup>**

**RODIAC<sup>®</sup>**

## Specialized production equipment



# Five year financial highlights

in thousands of U.S. dollars except for per share data

	1973	1972	1971	1970	1969
Net sales . . . . .	294,517	223,541	179,505	129,777	107,734
Income before taxes and minority interest . . . . .	18,737	16,051	14,476	11,902	10,600
Income before taxes and minority interest as % of net sales . . . . .	6.4%	7.2%	8.1%	9.2%	9.8%
Net income after taxes and minority interest . . . . .	11,611	8,732	7,258	6,341	5,980
Net income per common/deferred share* (after preferred dividends) . . . . .	1.86	1.40	1.17	1.02	1.01
Cash flow . . . . .	20,166	16,240	13,650	12,260	10,193
Cash flow per common/deferred share*	3.23	2.61	2.20	1.98	1.72
Working capital ratio . . . . .	1.55	1.73	1.53	1.59	1.75
Shareholders' equity . . . . .	74,429□	67,850	58,978	51,696	46,339
Shareholders' equity per common/deferred share . . . . .	11.93□	11.09	9.89	8.95	7.86
Expenditure on property, plant and equipment . . . . .	22,326	10,401	9,862	9,248	6,185
Depreciation and amortization . . . . .	6,851	6,014	4,856	4,084	3,006
Average number of common and deferred shares outstanding during year*. . . . .	6,234,582	6,220,010	6,197,961	6,193,772	5,925,604

\* adjusted for splits and stock dividends.  
□ after charging the book value of intangible assets against retained earnings.



# Report to shareholders

Once again we are pleased to report a record year for the Hunter Douglas Group. In 1973 sales rose to U.S. \$ 294,517,426, net earnings to U.S. \$ 11,610,530 and earnings per share to U.S. \$ 1.86. This represents a sales growth of almost 32% compared to 1972 and an advance of 33% in net profits and per share earnings (restated to reflect the stock dividend paid in 1973). It is the seventh consecutive year of record sales and earnings for the Group.

In accordance with common practice among international companies, our results are converted, at the average rates of exchange prevailing during the period, into our historic reporting currency, U.S. dollars. (For information purposes only, Dutch guilder amounts are indicated on page 12.) The increases not only reflect our actual progress in sales and earnings, but were again influenced by the decline in value of the U.S. dollar. Since our sales are made in many different currencies, and exchange values in the past year again changed significantly relative to the U.S. dollar, no single currency can provide a wholly realistic yardstick for comparing our 1973 performance with that of previous years. As in prior years, most of our business continued to be in countries whose currencies gained in relation to the U.S. dollar.

Consumer and leisure, architectural and building products represented almost 79% of total sales, with specialized production equipment providing the balance. In 1973 61% of the Group's business was done in Europe, 20% in Australasia, 16% in North America and 3% in South America.

All operations acquired in recent years were already consolidated in 1972 and therefore the entire increase in sales and profits reflects internal growth. This is in line with our previously announced policy to concentrate, in the near term, on consolidating lately acquired operations and bringing them to their full potential.

We are pleased to have maintained our rate of growth despite major economic upheavals which affected the Western World in 1973 in terms of monetary instability, inflation, shortages and steeply rising prices of energy and raw materials. As a result of forward purchases, maintenance of high inventories and, above all, the good relationships we have with our principal suppliers, we encountered no major problem in the supply of raw materials. Our policy of backward integration was also a key factor in assuring aluminum ingot supplies, through our participation in the Péchiney smelter in Vlissingen. The Netherlands, and plywood supplies for our Canadian operation through our association with the Kranji plywood mill in Singapore, which recently became operational. The Group's operations, including the largest which are in The Netherlands and primarily natural gas-fired, were not affected by the energy crisis. The Vlissingen smelter operated without interruption and is scheduled to switch to nuclear power in mid 1974. Based on these factors, we are confident that we will continue to have adequate raw material supplies in 1974. Increased salaries and wages and substantially higher raw material costs compelled us to raise price levels for most of our end products. During the reporting period we continued to be successful in protecting short-term assets and commitments in weak currency countries through forward exchange contracts and thus were not adversely affected by foreign currency fluctuations. Our deferred exchange credit increased with U.S. \$ 4,700,000 and now exceeds U.S. \$ 7,700,000, a sizeable reserve against adverse future exchange fluctuations.

Contrary to 1972, receivables rose in line with the increase in sales, as did inventories which we deliberately augmented in the raw material areas to safeguard supplies. This partially accounts for the substantial rise in short-term borrowing and the reduced working capital ratio. Intangible assets and goodwill, which previously were capitalized on acquisition and then selectively amortized, have now been written off completely against retained earnings. This change in accounting principle is in line with generally accepted European accounting standards and had no material effect on our 1973 results. As a result of the negotiation of additional long-term credit lines our available unutilized long-term credit facilities rose from U.S. \$ 9,000,000 to U.S. \$ 15,000,000 despite an U.S. \$ 8,000,000 increase in long-term debt.

During 1973 Hunter Douglas embarked upon a substantial capital investment program to add to its world-wide facilities and gear them to anticipated market growth in the coming years. More than U.S. \$ 22 million were spent in 1973:

— In Europe, the Group expanded its Dutch manufacturing facilities and built a new centralized factory for Rodiac in Leek (Groningen). Nedal installed a large extrusion press and related facilities in its Utrecht works, thereby substantially expanding its capacity. Hunter Douglas Packaging's new centralized manufacturing operation in Genk, Belgium, became operational, providing a sound production base for this high-potential new product area. In early 1974, R. Elsing of Guetersloh was merged into our Graf GmbH operations in Krefeld, both in Germany. Graf, in which Hunter Douglas has a majority interest, is a leading manufacturer of a range of garage doors, while Elsing is a similarly prominent manufacturer of residential and fireproof doors. We expect these supplementary product lines to add substantially to both firms' capabilities and potential.

— In Canada, 1973 saw the start of a major expansion of our main plant in Montreal, which will more than double the present manufacturing and warehousing space. We also acquired the remaining minority interest in Consolidated Plywood Corporation, making this company a wholly owned subsidiary, and extended its warehousing facilities in Quebec and Ontario. In line with our policy of backward integration and to ensure regular supplies, the Group participated with a substantial minority interest in the establishment of Kranji Plywood Industrial Co., whose plywood manufacturing mill recently became operational and will number among the most important plywood mills in South-East Asia.

— In Australia, existing factory installations and other facilities were expanded and extensive land was acquired for future extensions.

Economic conditions are likely to remain unsettled in 1974. We intend to be more conservative regarding near term expansion and acquisitions, while remaining alert to the exploitation of opportunities as they occur. Thus we consider Brazil and Spain as high-potential markets for some of our major products and therefore plan substantial expansion of our manufacturing facilities in these two countries in the course of this year. In summary, despite the clouded outlook in some specialized production equipment sectors, we envisage continuing growth in the major areas of the Group's activities and expect to achieve further meaningful increases in 1974 sales and earnings.

Your directors propose a Dfl. 1.10 cash dividend on each common and deferred share with the option to receive, in lieu of cash, three new shares of Dfl. 1 par value for each 100 shares held. If the May 24, 1974 general shareholders' meeting accepts the Board's recommendations, the dividend will become payable on June 28, 1974 and the right to elect the alternative stock dividend will expire on June 25, 1974. Cash distributions will be made from retained earnings and the par value of distributed shares will be charged against additional paid-in capital. Under present Dutch practice, share distributions would then be free from Netherlands income and withholding tax.

The more than 8,500 people of Hunter Douglas remain the Group's most valuable resource and its best assurance for continuing profitable growth. The Board and I hereby thank them all most sincerely for their dedication and contributions.

On behalf of the Board of Directors



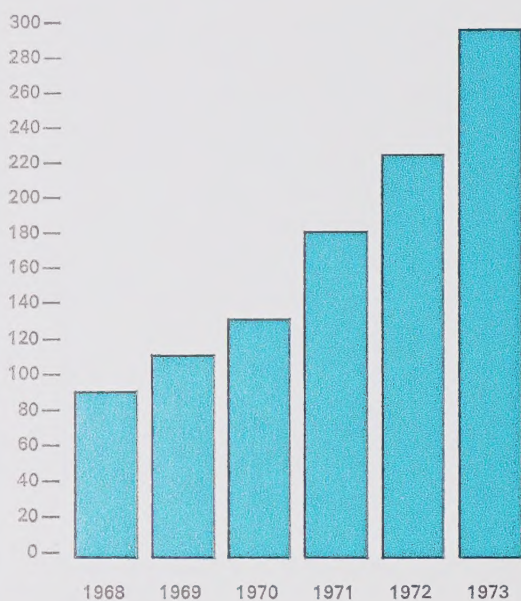
Ralph Sonnenberg  
President

Rotterdam  
April, 1974



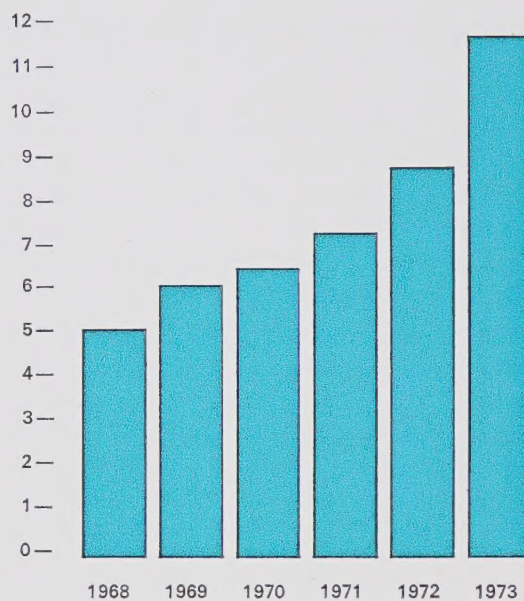
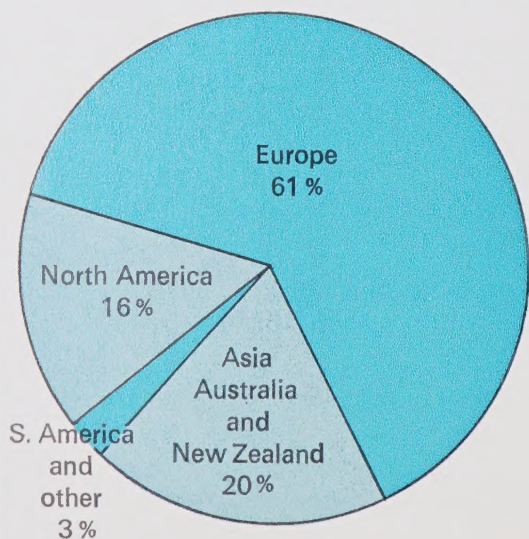
**net sales**

millions U.S. \$

**net income after tax**

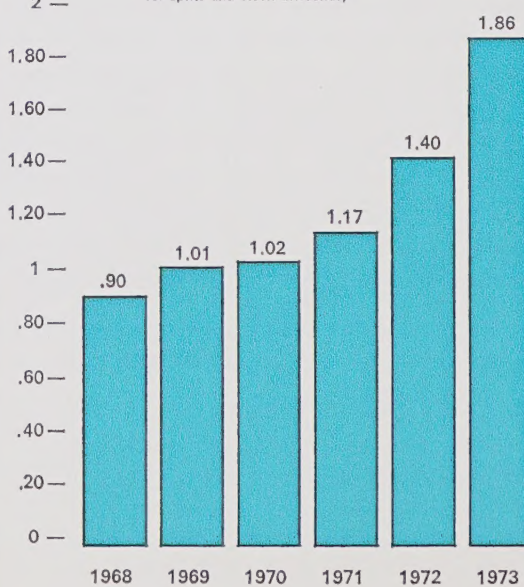
millions U.S. \$

(and minority interest)

**geographic distribution of 1973 sales****earnings per share**

U.S. \$

(per average number of shares outstanding during the year, adjusted for splits and stock dividends)



for the year ended January 5, 1974, in U.S. dollars

	1973	1972
	\$	\$
Sales, less returns and allowances . . . . .	294,517,426	223,541,282
Cost of sales . . . . .	206,570,124	156,223,039
Gross profit . . . . .	<u>87,947,302</u>	<u>67,318,243</u>
Selling, general and administrative expenses . . . . .	64,682,519	48,660,458
Income from operations . . . . .	<u>23,264,783</u>	<u>18,657,785</u>
Other expenses and (income)		
Financial expense — long-term debt . . . . .	2,228,085	1,314,803
— other . . . . .	4,354,735	2,687,567
Interest income . . . . .	(1,140,916 )	(696,388 )
Miscellaneous — net (note 7) . . . . .	(913,660 )	(699,295 )
	<u>4,528,244</u>	<u>2,606,687</u>
Income before income taxes . . . . .	18,736,539	16,051,098
Income taxes . . . . .	6,272,312	5,933,727
Income before minority interest . . . . .	<u>12,464,227</u>	<u>10,117,371</u>
Minority interest . . . . .	853,697	1,385,158
Net income . . . . .	<u><u>11,610,530</u></u>	<u><u>8,732,213</u></u>
Net income per common and deferred share (based on the average number outstanding during the year, adjusted for stock dividends) . . . . .	<u>\$ 1.86</u>	<u>\$ 1.40</u>

for the year ended January 5, 1974, in U.S. dollars

	1973	1972
	\$	\$
<b>Balance — beginning of year</b> . . . . .	56,496,609	47,801,520
Intangible assets as at January 7, 1973 less applicable share of minority interest (note 1) . . . . .	(5,002,940)	—
	51,493,669	47,801,520
Net income . . . . .	11,610,530	8,732,213
	63,104,199	56,533,733
Changes in intangible asset accounts during the year . . . . .	80,396	—
Dividends . . . . .	(159,085)	(37,124)
<b>Balance — end of year</b> . . . . .	63,025,510	56,496,609

*The appended notes are an integral part of the financial statements.*



# Consolidated balance sheet

as at January 5, 1974, in U.S. dollars

Assets		
	1973	1972
	\$	\$
Current assets		
Cash . . . . .	5,220,959	4,214,987
Notes and accounts receivable (less allowances 1973 — \$ 4,439,756; 1972 — \$ 3,160,114) . . . . .	61,852,223	46,647,142
Inventories		
Finished goods . . . . .	35,246,129	26,146,383
Work in process . . . . .	22,366,734	18,829,692
Raw materials . . . . .	24,105,659	16,002,105
Prepaid expenses and other current assets . . . . .	11,031,783	7,400,288
Total current assets . . . . .	159,823,487	119,240,597
Property, plant and equipment		
Land . . . . .	5,361,739	4,834,827
Buildings . . . . .	34,403,011	26,125,164
Machinery and equipment . . . . .	58,754,264	49,341,548
Cost . . . . .	98,519,014	80,301,539
Accumulated depreciation . . . . .	41,035,871	36,386,580
	57,483,143	43,914,959
Other assets		
Investments in and advances to unconsolidated subsidiaries and other companies — at cost . . . . .	6,991,224	1,718,870
Notes and accounts receivable — long-term . . . . .	4,061,392	3,564,601
Employee housing — net of related mortgages payable of \$ 1,587,640 (1972 — \$ 1,576,616) . . . . .	1,241,892	1,405,390
Intangible assets — at cost less amortization (note 1) . . . . .	—	1,113,819
Excess of investments in subsidiaries over net assets at dates of acquisition (note 1) . . . . .	—	5,089,329
	12,294,508	12,892,009
	229,601,138	176,047,565

Signed on behalf of the Board of Directors:

R. Sonnenberg, *Director*  
F. B. Craig, *Director*



Liabilities

	1973	1972
	\$	\$
<b>Current liabilities</b>		
Bank advances . . . . .	39,775,162	21,957,750
Accounts payable — trade . . . . .	31,570,241	19,944,719
Accrued wages and other compensation . . . . .	4,626,740	3,396,457
Other accounts payable and accrued expenses . . . . .	19,743,048	15,447,479
Income taxes . . . . .	5,692,808	6,480,039
Long-term debt due within one year . . . . .	1,725,542	1,689,589
Total current liabilities . . . . .	103,133,541	68,916,033
<b>Provisions</b>		
Warranties . . . . .	3,349,102	2,882,571
Pensions (note 6) . . . . .	3,227,001	2,906,476
Deferred taxes . . . . .	2,231,557	1,857,280
	8,807,660	7,646,327
<b>Long-term debt</b> (note 2) . . . . .	29,095,311	21,200,408
<b>Deferred exchange credits</b> . . . . .	7,717,161	3,027,509
<b>Minority interest</b> . . . . .	6,418,105	7,407,177
	155,171,778	108,197,454

Shareholders' equity

<b>Capital stock</b> (notes 3 and 4) . . . . .	2,061,180	2,014,833
<b>Additional paid-in capital</b> . . . . .	9,342,670	9,338,669
<b>Retained earnings</b> . . . . .	63,025,510	56,496,609
	74,429,360	67,850,111
	229,601,138	176,047,565

The appended notes are an integral part of the financial statements.

# Consolidated statement of changes in financial position

for the year ended January 5, 1974, in U.S. dollars

## Source of funds

	1973	1972
From operations	\$	\$
Net income . . . . .	11,610,530	8,732,213
Charges to operations not requiring an outlay of cash		
Depreciation and amortization. . . . .	6,851,373	6,013,901
Provisions-net . . . . .	1,161,333	573,442
Income applicable to minority interest, net of dividends in 1973 of \$ 438,956 (1972 - \$ 550,959) . . . . .	414,742	834,199
Other . . . . .	127,869	86,064
Total working capital provided by operations . . . . .	20,165,847	16,239,819
Increase in long-term debt - net. . . . .	7,894,903	9,420,259
Sale of shares under stock option plans . . . . .	50,348	177,006
Deferred exchange credits . . . . .	4,689,652	342,839
	32,800,750	26,179,923

## Use of funds

Additions to property, plant and equipment, net of retirements in 1973 of \$ 1,970,253 (1972 - \$ 1,285,825) . . . . .	20,355,608	9,115,122
Property, plant and equipment of consolidated subsidiaries acquired	63,949	1,875,775
Decrease (increase) in minority interests . . . . .	153,872	(510,527)
Increase in other assets - net . . . . .	5,702,854	3,199,311
Dividends	159,085	37,124
	26,435,368	13,716,805
Increase in working capital . . . . .	6,365,382	12,463,118

## Changes in components of working capital

### Increase (decrease) in current assets:

Cash. . . . .	1,005,972	(33,596)
Notes and accounts receivable. . . . .	15,205,081	4,917,150
Inventories. . . . .	20,740,342	3,916,049
Prepaid expenses and other current assets. . . . .	3,631,495	1,039,982
Net increase in current assets. . . . .	40,582,890	9,839,585

### Increase (decrease) in current liabilities:

Bank advances. . . . .	17,817,412	1,193,853
Accounts payable - trade . . . . .	11,625,522	(6,284,669)
Other current liabilities . . . . .	4,774,574	2,467,283
Net increase (decrease) in current liabilities . . . . .	34,217,508	(2,623,533)
Increase in working capital . . . . .	6,365,382	12,463,118



# Notes to consolidated financial statements

for the year ended January 5, 1974, in U.S. dollars

## 1. SUMMARY OF ACCOUNTING POLICIES

### Consolidation

The consolidated financial statements include the accounts of Hunter Douglas N.V. and its wholly or majority owned subsidiaries with the exception of certain subsidiaries which are in the course of formation or whose operations are not significant and are not directly related to those of the Group. All 50% owned companies have also been consolidated as their operations form an integral part of the operations of the Group. Certain subsidiaries have been consolidated on an exact calendar year basis, the effect of which on the Group's equity and net income for the year is negligible.

### Foreign Exchange

The consolidated financial statements are expressed in U.S. dollars and have been translated from other currencies as follows: Current assets and liabilities at rates of exchange at the balance sheet date; long term assets and liabilities and shareholders' equity at rates of exchange applicable at the time of acquisition or when the debt was incurred; income and expenses, other than depreciation and amortization, at the average rates of exchange during the year. Unrealized exchange gains are deferred; unrealized losses are charged to results for the current year to the extent that they exceed previously deferred exchange credits.

### Inventories

Finished goods and work-in-process are stated principally at the lower of average production cost or market. Raw materials are stated principally at the lower of cost (on a first-in first-out basis) or market.

### Fixed Assets

Property, plant and equipment, and employee housing are stated at original cost less accumulated depreciation, calculated principally on a straight-line basis over the estimated useful lives.

### Investments in and Advances to Unconsolidated Subsidiaries and Other Companies

Investments in unconsolidated subsidiaries and other companies are stated at cost, adjusted for the proportionate share in their results since acquisition.

### Intangible Assets

The cost of intangible assets, including the excess of investments in subsidiaries over net assets at dates of acquisition, is charged to retained earnings when acquired. The excess of net assets of subsidiaries over cost at date of acquisition is added to retained earnings. Prior to January 7, 1973, these assets were stated at cost less amortization. The book value as at January 7, 1973 was charged to retained earnings. The effect on 1973 income of this change in accounting policy is not material.

## 2. LONG-TERM DEBT

	1973	1972
Unsecured loans and notes payable	\$ 26,183,412	\$ 16,342,927
4¾%-9¾% mortgage loans, maturing in varying instalments through 1999	\$ 2,911,899	\$ 4,857,481
	<u>\$ 29,095,311</u>	<u>\$ 21,200,408</u>

The aggregate amount of maturities over the next five years are as follows:  
1974 - \$ 1,725,542; 1975 - \$ 4,414,575; 1976 - \$ 2,327,916; 1977 - \$ 8,268,784; 1978 - \$ 2,736,169

## 3. CAPITAL STOCK

The authorized and issued capital stock is

### Common shares of Dfl. 1 par value each

	Shares	\$
Authorized: 10,000,000 shares		
Issued and fully paid up at January 6, 1973	1,175,773	383,400
Stock dividend	16,036	6,205
Stock options exercised	5,400	1,903
	<u>1,197,209</u>	<u>391,508</u>

### Deferred shares of Dfl. 1 par value each

Authorized: 6,000,000 shares		
Issued and fully paid up at January 6, 1973	4,941,523	1,631,433
Stock dividend	98,830	38,239
	<u>5,040,353</u>	<u>1,669,672</u>
	<u>6,237,562</u>	<u>2,061,180</u>

The deferred shares are convertible into common shares at the option of the holders on a one for one basis.

Hunter Douglas Canada Limited, a subsidiary, has 100,729 Can. \$ 14 par value voting cumulative preferred shares outstanding with non-related persons. These shares are exchangeable prior to December 31, 1990 one for one into common shares of the Company.

This minority interest, amounting to Can. \$ 1,410,206, was offset against the carrying value of an equal number of the Company's common shares, held by another subsidiary for future exchange of these preferred shares.

4. CAPITAL STOCK OPTIONS TO DIRECTORS, OFFICERS AND EMPLOYEES

Details of options granted and outstanding under the Company's stock option plans as at January 5, 1974 are as follows:

	Price per share	Exercisable before
67,100 common shares	Can. \$ 9.58	April 1975
1,280 common shares	Can. \$ 9.58	May 1976
62,100 common shares	Dfl. 32.72	Feb. 1977
1,800 common shares	Dfl. 32.75	Feb. 1977
2,000 common shares	Dfl. 50.10	July 1977
13,800 common shares	Dfl. 34.00	Dec. 1978
1,500 common shares	Dfl. 37.50	Feb. 1979

177,159 common shares are reserved for future option grants.

In 1972 options to purchase 119,000 shares of an Australian subsidiary were granted to employees at Australian \$ 3 each, exercisable between 1974 and 1976, of which 95,000 were still outstanding at January 5, 1974.

5. EXCHANGE REGULATIONS

Funds in certain countries in which the Group operates are subject to varying exchange regulations. No significant restrictions exist on transfers of a current nature, such as dividends from subsidiaries. A few countries have more severe restrictions on remittances of a capital nature.

6. PENSION PLANS

The Group has several pension plans covering most employees. Charges to costs and expenses under these plans amounted to \$ 1,913,935 in 1973 (1972 - \$ 1,196,055), including amortization of prior service costs over periods ranging up to 40 years. Pension plans are independently funded or accrued.

7. MISCELLANEOUS INCOME

Miscellaneous income includes gains and losses on disposal of fixed assets.

8. COMMITMENTS AND CONTINGENCIES

- (a) As at January 5, 1974 commitments for capital expenditures amounted to \$ 4,980,315.
- (b) A subsidiary which has a limited minority interest in a partnership has guaranteed repayment of its share (approximately \$ 21,350,000 to 1992) of certain long-term financing.
- (c) Other commitments exist in respect of discounted bills, guarantees of bank loans to unconsolidated subsidiaries and other guarantees. Annual rentals under long-term leases expiring at varying dates to 2061 amount to \$ 605,116. There are pending claims against Group Companies on which no losses are expected.

Auditors' report

To the Shareholders of Hunter Douglas N.V.

We have examined the consolidated balance sheet of Hunter Douglas N.V. and subsidiaries as at January 5, 1974 and the related statements of income, retained earnings and changes in financial position for the year ended January 5, 1974.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Hunter Douglas N.V. and subsidiaries at January 5, 1974 and the results of their operations and the changes in financial position for the year then ended.



## Directors

H. SONNENBERG  
London, England  
DR. J. H. O. graaf van den BOSCH  
Amersfoort, Netherlands  
J. H. COLEMAN  
Toronto, Canada  
F. B. CRAIG  
Wassenaar, Netherlands  
W. L. HEYMAN  
London, England  
DR. E. L. JOUBERT  
Willemstad, Curaçao  
PROF. DR. C. F. KARSTEN  
Laren, Netherlands  
M. O. L. LYNTON  
Wassenaar, Netherlands  
A. C. POND  
Longueville, Australia  
R. SONNENBERG  
Wassenaar, Netherlands  
J. VAN DER VELDEN  
Wassenaar, Netherlands

Chairman of the Board,  
Hunter Douglas N.V.  
Investor

Director, Deputy Chairman (retired),  
The Royal Bank of Canada  
Executive Vice President,  
Hunter Douglas N.V.  
Vice President, Corporate Development,  
Hunter Douglas N.V.  
Notary

Managing Director,  
Amsterdam-Rotterdam Bank N.V.  
Vice President, Corporate Relations,  
Hunter Douglas N.V.  
Managing Director,  
Hunter Douglas Limited (Australia)  
President and Chief Executive Officer,  
Hunter Douglas N.V.  
President,  
De Nationale Nederlanden N.V. Insurance Group

## Officers

R. SONNENBERG\*  
Wassenaar, Netherlands  
F. B. CRAIG\*  
Wassenaar, Netherlands  
W. L. HEYMAN\*  
London, England  
M. O. L. LYNTON\*  
Wassenaar, Netherlands  
G. BAUM  
's Gravenhage, Netherlands  
J. L. BRUHL  
Rotterdam, Netherlands  
H. OOSTERHUIS  
's Gravenhage, Netherlands  
G. ORECHKOFF  
's Gravenhage, Netherlands  
J. R. METCALF  
's Gravenhage, Netherlands

President and Chief Executive Officer

Executive Vice President

Vice President, Corporate Development

Vice President, Corporate Relations

Vice President and Comptroller

Vice President, Secretary and Treasurer

Vice President

Vice President and General Counsel

Assistant Secretary

\*) Is also member of Board of Directors

**Registered office:** Kerkstraat 11a, Willemstad, Curaçao. **Principal administrative office:** Piekstraat 2, Rotterdam, Netherlands.  
**Registrar, transfer agent and depositary for common shares in name form issued on Canadian registers:**  
**Montreal Trust Company, Montreal, Toronto, Calgary, Regina, Saint John, Vancouver and Winnipeg, Canada.**

# Five year financial highlights

in thousands of Dutch guilders except for per share data (see note below)

	1973	1972	1971	1970	1969
Net sales . . . . .	814,753	717,100	624,249	469,221	390,581
Income before taxes and minority interest	51,833	51,490	50,342	43,033	38,429
Income before taxes and minority interest as % of net sales . . . . .	6.4%	7.2%	8.1%	9.2%	9.8%
Net income after taxes and minority interest . . . . .	32,119	28,012	25,241	22,926	21,680
Net income per common/deferred share* (after preferred dividends) . . . . .	5.15	4.50	4.07	3.70	3.66
Cash flow . . . . .	55,787	52,096	47,470	44,327	36,954
Cash flow per common/deferred share* .	8.95	8.38	7.66	7.16	6.24

\* adjusted for splits and stock dividends.

*Note: The above Dutch guilder amounts are shown for information purposes only.*

*The Group's business is transacted predominantly in other currencies than U.S. dollars, and for income reporting purposes these other currencies are translated into U.S. dollars at the average rates of exchange during each year. The above financial information has been obtained by translation of U.S. dollars into Dutch guilders at the same average rates as used in the compilation of the U.S. dollar income statement.*







# Hunter Douglas Group

## Principal Manufacturing and Distribution Operations

### EUROPE AND AFRICA

#### AUSTRIA

Hunter Douglas, Vienna

#### BELGIUM

Hunter Douglas Belgium N.V., Brussels - Genk

Hunter Douglas Packaging, Genk  
Rodiac, Brussels

#### FRANCE

Hunter Douglas s.a.r.l., Paris  
Rodiac, Louveciennes

#### GERMANY

Hunter Douglas G.m.b.H., Düsseldorf  
Graf G.m.b.H., Krefeld  
Graf G.m.b.H./Elsing, Gütersloh  
Köllmann Maschinenbau G.m.b.H.,  
Düsseldorf - Langenberg  
Rodiac G.m.b.H., Düsseldorf  
Sautter KG, Markgroeningen  
Wewag G.m.b.H., Düsseldorf - Bremen  
Wotan Werke G.m.b.H., Düsseldorf

#### ITALY

Promes S.R.L., Milan

#### THE NETHERLANDS

Hunter Douglas N.V., Rotterdam  
Hunter Douglas Holland B.V., Rotterdam -  
Leek - Oudenbosch  
Laagland, Rotterdam  
Nederlandsche Aluminium Mij. B.V.,  
(Nedal), Utrecht  
Nederlandse Gereedschappen Fabriek B.V.,  
Hoogeveen  
Rodiac, Leek - Rotterdam  
Spimeta B.V., Harkema  
Walker B.V., Deurne

### SOUTH AFRICA

Hunter Douglas South Africa, Johannesburg

### SPAIN

Hunter Douglas S.A., Barcelona - Bilbao -  
Madrid - Sevilla

### SWEDEN

Hunter Douglas (Scandinavia) AB,  
Goteborg - Stockholm

### SWITZERLAND

Hunter Douglas Enterprises S.A., Lugano  
Promesa A.G., Lucerne

### UNITED KINGDOM

Hunter Douglas Limited,  
Walton-on-Thames, Surrey  
Soag Machinery Ltd., Brentford, Middlesex

### NORTH AMERICA

#### CANADA

Hunter Douglas Canada Ltd., Montreal -  
Edmonton - Kitchener - London - Quebec -  
Toronto - Vancouver - Winnipeg  
Consolidated Plywood Corp., Montreal -  
Kitchener - North Bay - Quebec - Toronto

#### U.S.A.

Hunter Douglas Inc., Stamford, Conn.  
Hunter Douglas International Ltd.,  
Stamford, Conn.  
Hunter Douglas Machinery Corp.,  
East Paterson, N.J.

### SOUTH AMERICA

#### BRAZIL

Hunter Douglas do Brasil, São Paulo

#### CHILE

Industrias Metalicas Chile S.A., Santiago

#### COLOMBIA

Industrias Metalicas Hunter Douglas S.A.,  
Bogotá

#### VENEZUELA

Industrias Metalicas Hunter Douglas C.A.,  
Caracas

### AUSTRALASIA

#### AUSTRALIA

Hunter Douglas Limited, Sydney - Adelaide -  
Melbourne - Newcastle - Brisbane -  
Cairns - Hobart - Perth - Townsville  
Divisions:  
Luxaflex - Luxalon - Dugay - Eise -  
Flexalum - Kirsch - Mellolite - Permalum -  
Presidea - Shademaster

#### NEW ZEALAND

Hunter Douglas Ltd., Auckland

#### ASIA

Nippon Hunter Douglas K.K., Yokohama,  
Japan  
Austasia Industries (Pte) Limited,  
Singapore  
Austasia Industries (Malaysia) Sdr Berhad,  
Kuala Lumpur, Malaysia





# Hunter Douglas

SPECIAL

... une politique très particulière et  
une philosophie qui ne manque pas  
d'originalité : February 1973



... one of Europe's multinationals :  
March 1973

THE SUNDAY TIMES

... may hardly be known, but it is no tiddler :  
September 1973

beurs'express

... onbekend maakt onbemind :  
October 1973

## What is Hunter Douglas?

It is an international Group of industrial companies. It is an organization dedicated to the development, manufacture and marketing of branded proprietary products. It has 27 production, 43 marketing and distribution centers, more than 300 franchised assembling distributors and operates in more than 120 countries. More than 80% of the Group's activities involve products which improve the habitat in terms of living comfort, leisure time, home improvement, renovation, architecture and building. Nearly 20% of the Group's activities involve the manufacture and distribution of specialized production equipment.

## Key Figures (in U.S. dollars)

	1973	1969
Net Sales	294,517,000	107,734,000
Net Income	11,611,000	5,980,000
Cash Flow	20,166,000	10,193,000
Shareholders' Equity	74,429,000	46,339,000
Net income per share*	1.86	1.01
Equity per share	11.93	7.86
Number of Employees	8,500	5,000

\* adjusted for splits and stock dividends

## The Countries

One or more production centers in:

Australia, Belgium, Brazil, Canada, Chile, Colombia, Germany, Great Britain, Japan, Netherlands, New Zealand, Singapore, Spain, Venezuela.

One or more marketing and distribution centers in:

Australia, Austria, Belgium, Canada, Ecuador, Eire, France, Germany, Great Britain, Italy, Japan, Malaysia, Netherlands, Singapore, South Africa, Spain, Sweden, Switzerland, U.S.A.



Living comfort

Leisure time

Renovation

Home improvement

Architecture & building

Specialized production equipment  
Manufacture and  
Marketing

## The Products

such as:

**LUXAFLEX®**

Venetian Blinds — vertical blinds — roller shades — insect screens — awnings — curtain rails

**LUXAPLY®**

Decorative wall panelling — mobile home and caravan components and accessories

**LUXALON®**

Acoustic and decorative ceilings — façade cladding — roofing — sandwich walls

**FLEXALUM®**

Sidings — shutters — garden sheds — shelter systems

**PRESIDEA®**

Garden and casual furniture — camping tents

**RODIAC®**

Central heating systems

**NEDAL®**

Lighting columns and yacht masts — packaging products; aluminum foil and aluminum and plastic disposable containers, cups, plates and utensils

**GRAF/ELSING®**

Garage, interior and fireproof doors

**WOTAN®**

**SOAG®**

Precision boring mills and internal grinders — High and low pressure diecasting

**WEWAG®**

**LAAGLAND®**

® registered trade mark



## Who is Hunter Douglas?

The Group had its origin in 1919 when Henry Sonnenberg, the Chairman, established WOTAN and WEWAG, both in Düsseldorf (Germany), the former to manufacture and market specialized production equipment, the latter for international distribution of machinery and machine tools. The WEWAG concept was extended to the U.K. in 1921, resulting in the formation of SOAG, and to LAAGLAND, started in the Netherlands in 1931.

Having moved to Holland and been granted Dutch nationality in the early 1930's, Henry Sonnenberg spent the war years in the U.S.A. where he established Douglas Machinery Corporation. He subsequently laid the basis for the Group's present concept when, together with Joe Hunter, a Californian engineer, he founded Hunter Douglas Corporation, with manufacturing facilities located in Riverside, California and corporate headquarters and management situated in New York City.

Based on the revolutionary development of a continuous casting process for aluminum strip and related rolling and coating processes, Hunter Douglas started producing materials and components for aluminum venetian blinds. National marketing coverage was established through the equally novel concept of a network of franchised assembling distributors, supported by centralized corporate marketing and promotion programs.

Based on these developments, operations were rapidly expanded internationally and in subsequent years Hunter Douglas operations were established in Canada, Australia and New Zealand and, starting from the Laagland organization, Hunter Douglas Holland was created to serve Europe, the Middle and Near East and Africa.

Originally oriented towards machinery, the company had thus, at the end of the 1940's, embarked upon a new direction through the creation of the Hunter Douglas operations, with an expanding range of branded proprietary products.

In 1956 the operations in the United States were sold and emphasis was placed on developing products and markets in other parts of the world. The various foreign affiliates were transferred to Hunter Douglas Limited, a Canadian company; shares were issued to the public in 1969 and were listed on the Toronto, Montreal and Amsterdam Stock Exchanges.

The Amsterdam listing was in recognition of the Group's origin and of the fact that its European operations had become the dominant part of its activities. In 1970 this led to the establishment of the Group head office in Rotterdam and to the formation there, in 1971, of Hunter Douglas N.V., which succeeded Hunter Douglas Limited as parent company of the Group. Amsterdam thereupon became the primary market for Hunter Douglas shares, while a listing in Toronto was retained.

Looking back over the past 55 years, Hunter Douglas is thus an organization which had its roots and origins in Europe, so that its return to Holland can indeed be viewed as a 'homecoming'.

## How is Hunter Douglas run?

Hunter Douglas has a highly decentralized management structure. Within a carefully specified and closely supervised framework of budgets and controls, each manufacturing, marketing or distribution unit forms an autonomous profit-center and contributes to the Group's overall progress.

Hunter Douglas executives are entrepreneurs who have clearly set goals and objectives, the capability to achieve them, are provided with the resources to do so and receive rewards consistent with their performance.

The encouragement of an entrepreneurial approach, combined with close control over planning, budgets and performance, produces a continuing dialogue in formulating and re-evaluating ongoing and future growth objectives. Emphasis is placed on executives being aware of the overall business picture, in addition to their specific function in a given field, be that marketing, finance, manufacturing etc.

This results in Hunter Douglas' executives viewing the future as a challenge and creating their own opportunities to exploit it. It is the personal motivation and creative satisfaction of these executives which provides the impetus for the Group's growth.

### Where is Hunter Douglas going?

Hunter Douglas is committed to growth, impelled by the efforts of its executives and their desire for continuing progress.

To achieve this objective, the Group pursues a policy of maintaining a carefully balanced product mix and wide geographic spread, so as to be able to exploit opportunities on a world-wide basis, while minimizing the effects of local fluctuation. Around 60% of the Group's business is centered in Europe, more than 15% each in Canada and Australasia and the remainder is concentrated in South America.

Hunter Douglas' growth is based on two principles:

- Emphasizes on branded proprietary products and marketing know-how.
- Continuing search for new products and markets where these factors predominate. The Group follows a course of synergistic expansion, entering fields in which it has expertise and a sound economic basis. New products are selected for being complementary to one or more of the Group's existing products by their manufacturing, marketing or distribution methods.

Expansion and diversification possibilities within these concepts are substantial, both in terms of products and geography. Hunter Douglas expands through internal research and development, complemented by the acquisition of companies whose products and operations are related to its ongoing activities.

### Hunter Douglas as a public company.

The company is listed on the Amsterdam and Toronto Stock Exchanges. At the end of 1973, approximately 1.2 million shares were publicly held. This represents close to 20% of the total shares outstanding, with identical voting rights to the remainder, held by the founding family and foundations created by them. The family has expressed willingness to have these share holdings diluted, if this should prove desirable to further the Group's growth. In 1971 the Group announced a dividend policy, with shareholders having had an option between a cash dividend and additional shares.

The Group reports its official results in U.S. dollars since it operates in a multitude of countries and markets. Despite the currency fluctuations of the past years, the Group believes that, in maintaining the U.S. dollar in its official reports, it is using a currency which remains the best known and most widely understood among the great number of countries and nationalities with which Hunter Douglas is involved.

Although the Group's management and its principal office are in Rotterdam, its share quotations appear in the Dutch press under the heading 'Netherlands Antilles', where the Group has its registered office.

Hunter Douglas is among the twenty largest Dutch industrial corporations quoted on the Amsterdam Stock Exchange in terms of sales, net profits, cash flow and total share valuation.